

News Release

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Obama administration issues new rules to cut red tape for doctors and hospitals, saving up to \$9 billion

Health and Human Services (HHS) Secretary Kathleen Sebelius announced today the release of a new rule that will cut red tape for doctors, hospitals, and health plans. In combination with a previously issued regulation, the rule will save up to \$9 billion over the next ten years. The regulation adopts operating rules for making health care claim payments electronically and describing adjustments to claim payments.

"These new rules will cut red tape, save money and ensure doctors spend more time seeing patients and less time filling out forms," said Secretary Sebelius.

Studies have found that the average physician spends three weeks a year on billing and insurance related tasks, and, in a physician's office, two-thirds of a full-time employee per physician is necessary to conduct these tasks. Many physician practices and hospitals receive and deposit paper checks, and manually post and reconcile the health care claim payments in their accounting systems. By receiving payments electronically and automating the posting of the payments, a physician practice and hospital's administrative time and costs can be decreased.

The operating rules build upon industry-wide health care electronic fund transfer (EFT) standards that HHS adopted in January of this year. Together, the previously issued EFT standards and the EFT and electronic remittance advice (ERA) operating rules announced today are projected to save between \$2.7 billion and more than \$9 billion in administrative costs over ten years by reducing inefficient manual administrative processes for physician practices, hospitals, and health plans.

Operating rules include best business practices on how electronic transactions are transmitted and often target obstacles that physician practices and health insurers have with using electronic transactions. For instance, the rule announced today requires insurers to offer a standardized, online enrollment for EFT and ERA so that physicians and hospitals can more easily enroll with multiple health plans to receive those transactions electronically. The rule also requires health plans to send the EFT within a certain amount of days of the ERA, which helps providers reconcile their accounts more quickly.

Today's rule, Administrative Simplification: Adoption of Operating Rules for Health Care Electronic Funds Transfers (EFT) and Remittance Advice Transactions were developed through extensive discussions with industry stakeholders. The rule adopts the Council for Affordable Quality Healthcare's Committee on Operating Rules for Information Exchange (CAQH CORE) Phase III EFT & ERA Operating Rule Set, including the CORE v5010 Master Companion Guide Template, with the exception of Requirement 4.2 of the Phase III CORE 350 Health Care Claim Payment/Advice (835) Infrastructure Rule. Collectively, these rules are referred to as the EFT & ERA Operating Rule Set.

The regulation announced today may be viewed at www.ofr.gov/inspection.aspx and will be effective upon its publication in the Federal Register on Aug. 10, 2012. The comment period closes on Oct. 9, 2012.

The compliance date for operating rules for the health care electronic funds transfers and remittance advice transaction is Jan. 1, 2014.

A fact sheet with technical information on the rule is found at http://www.cms.gov/apps/media/fact_sheets.asp.

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